

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7069

BILL NUMBER: SB 374

NOTE PREPARED: Feb 2, 2004

BILL AMENDED: Jan 22, 2004

SUBJECT: Biofuels.

FIRST AUTHOR: Sen. Hershman

FIRST SPONSOR:

BILL STATUS: As Passed Senate

FUNDS AFFECTED: ☒ GENERAL
☒ DEDICATED
☒ FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill requires the use of blended biodiesel fuel in state vehicles and tractors when feasible.

Effective Date: July 1, 2004.

Explanation of State Expenditures: (Revised) As of December 2003, the state owned 9,777 vehicles (cars and trucks), along with 9 motorcycles and 10 schools buses. The number of the above vehicles which would use the blended biodiesel fuel is not known. Over the last 12 fiscal years, the state has spent approximately \$124.6 M on motor fuel for its vehicles. Biodiesel can be blended with petroleum diesel. B2 (2%) biodiesel costs about 0.186 cent per gallon more than petroleum diesel, while B20 (20%) biodiesel costs about 20 to 25 cents more per gallon than petroleum diesel. B2 is the minimum blend required in this proposal.

Background Information: Biodiesel is the name of an alternative fuel produced from domestic, renewable resources. Biodiesel contains no petroleum, but it can be blended at any level (most commonly 2% to 20% by volume biodiesel) with petroleum diesel to create a biodiesel blend. It can be used in compression-ignition (diesel) engines with little or no modifications. Biodiesel is made through a chemical process called transesterification whereby the glycerin is separated from the fat or vegetable oil. The process leaves behind two products: methyl esters (the chemical name for biodiesel) and glycerin (a valuable byproduct usually sold to be used in soaps and other products). At present, B20 blend costs about 20 to 25 cents more per gallon than petroleum diesel. Over the last 12 fiscal years, the state has spent approximately \$124.6 M on motor fuel for its vehicles.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: All agencies with diesel-powered vehicles.

Local Agencies Affected:

Information Sources: National Biodiesel Board 1-800-841-5849; Jerry Ban, Crystal Flash, 879-2849.

Fiscal Analyst: James Sperlik, 317-232-9866.